



2014 INTERIM FINANCIAL REPORT

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Management report

PRESENTATION OF EARNINGS FOR THE FIRST HALF OF 2014

I. Comments concerning the income statement

Sales by activity

<i>In thousands of euro</i>	H1 2014	H2 2013	H1 2013
Advertising	40 182	44 051	45 033
Payments	45 696	48 192	48 042
Sales ⁽¹⁾	85 878	92 244	93 075

HiMedia Group, as part of its strategy to re-focus on its core business, sold L'Odyssée Interactive (in which it held 88%) publisher of the website Jeuxvideo.com in June 2014. The transfer price of the company shares is €90 million.

Sales from the period, amounted for €85,878 thousand, were down by 8% on the 1st half of 2013 (9% in pro forma ⁽²⁾).

Group's advertising business had a poor start since the beginning of the year in a difficult decreasing market environment, especially in France. Traditional display, historical format for the Group, experienced a sharp fall while new formats are gaining reputation and fit for new growth drivers on the market such as video, mobile and RTB. HiMedia launched new business units dedicated to those last activities and thus benefits from the trend within a 20% growth of those tools, representing almost 60% of advertising revenues and allowing to compensate the fall of display.

Payment business volume (€255 million related to the flow generated by the group) continues to increase within a growth of 16% in the first half 2014 (vs. the first half 2013) thanks to bank based method that records a 40% growth and account now for 70% of the global volume.

Gross margin, representative of the whole baking based developed by the Group, recorded a decrease of 6% on the first half because of micro-payment activity's decrease but saw a growth, especially on the month of June, thanks to the growing contribution of e-payment accounting now for more than 30% of the gross margin for the whole Payments activities.

Gross margin of the Group amounted for €29 million, down by 15% on the first half 2013. Gross margin rate comes to 34%. Advertising activity gross margin increased to €17.3 million (included Publishing). Gross margin rate of this activity comes to 37% on a pro forma basis ⁽²⁾, down by 3 points on the first half 2013 (40%).

Payments activities gross margin increased to €11.8 million, for a stable rate of 26% compared to the first semester 2013.

Purchases, that amounted for €28.6 million, are stable compared to the first half 2013 (€27.6 million). Other provisions and allocations related to depreciation and amortization are resulting, for €2.1 million, of investments directly linked to the development of new technical platforms.

The current operating result amounts to -€1.7 million, which represents an decrease versus the 2013 first half (€4.4 million).

The consolidated net income amounts to €15.9 million (versus €2.2 million for the 2013 first half).

This net result can be detailed as follow:

- The current operating profit -€1.7 million (versus €4.4 million for the first half of 2013).
- The non current result of €23.9 million which includes a stock based compensation of €0.1 million (versus -€0.2 million for the 2013 first semester).
- The income tax expenses of -€5.6 million (versus -€0.8 million for the 2013 first semester).

⁽¹⁾ Included sales of L'Odyssée Interactive for €2.1m (versus €1.1m for the first half of 2013)

⁽²⁾ ie with the exit from the consolidation scope of jeuxvideo.com at January 1st

II. Internal developments and innovations

During the first half of the year 2014, HiMedia communicated on the following developments:

- With respect to the payment activity :
 - Development of a new version of our credit card acquisition platform,
 - Development of an automated solution to small merchants.
- With respect to the advertising activity :
 - Development of a solution of Native Advertising in programmatic.

III. Significant events of the period

On June 5, 2014, HiMedia sold 88% of its participation in L'Odyssée Interactive, publisher of the website jeuxvideo.com for €90 million.

On June 30, 2014, Hi-Pi, subsidiary of the Group, sold the website Toutleciné.com to the company Les Editions Croque Futur for €270 thousand.

IV. Important events since 30 June 2014

On July 3, 2014, HiMedia SA acquired 44,98% in AdTriple share capital.

MAIN RISKS AND UNCERTAINTIES CHARACTERISING THE SECOND HALF OF 2014

The main risks to which the Group is exposed for the second half of 2014 are detailed in the section concerning "Risk factor" of the 2013 Annual Report filed with the Financial Markets Authority on April 16, 2014 and available on the company's website www.himediagroup.com. The company is unaware of any other risks and uncertainties for the remaining six months of the financial year.

PROSPECTS

The advertising market has to face the current economic situation. Display format, traditional leverage for advertising monetization, is strongly decreasing and impact the whole market including HiMedia. New formats such as video, mobile and the RTB (Real Time Bidding) offer new prospects for growth and partly offset the decrease of display.

Regarding the Payment business line, a consolidation trend and maturity of the micropayment segment impact in a negative way the market. By contrast, the whole e-banking payments methods (ewallet and credit card acquisition) are positioned on continuously increasing markets where HiMedia enjoys a good position to benefits from this trend.

TRANSACTIONS BETWEEN AFFILIATED PARTIES

The affiliated parties of HiMedia Group correspond to the authorized agents, senior managers and directors of the group, as well as the companies in which they exercise control, notable influence, or hold a significant voting right.

I. Compensation of management members

The compensation includes the remuneration paid to the Chairman of the Board of Directors, the attendance fees paid to the directors and are not remunerated by the Company (5 directors). The compensation and benefits relating to members of the management organs posted to the income statement amount to €252 thousand (against €254 thousand on June 30, 2013) and an exceptional compensation for €800 thousand granted by the Board under the sale of the L'Odyssée Interactive.

II. Transactions with the subsidiaries

HiMedia SA invoices its subsidiaries for holding expenses as well as for trademark expenses, eliminated in the consolidated financial statements.

III. Other affiliated parties

During the first half of 2014, no significant operation has been carried out with:

- shareholders holding a significant voting right in the HiMedia S.A. capital,
- members of the management organs, including the directors,
- entities over which one of the main senior managers or shareholders exercise control, or notable influence, or hold a significant voting right.

Group's summary consolidated financial statements

Consolidated income statements for the half-years ending on 30 June 2014 and 30 June 2013

<i>In thousands of euro</i>	Notes	30 June 2014	30 June 2013
Sales	3	85 878	93 075
Charges invoiced by the media		-56 795	-59 007
Gross profit		29 083	34 067
Purchases		-14 443	-13 182
Payroll charges	4	-14 198	-14 391
Depreciation & Amortization		-2 158	-2 126
Current operating profit		-1 716	4 368
Stock based compensation		-74	-248
Other non-current income and charges	5	23 958	-425
Operating profit		22 168	3 695
Cost of indebtedness		-646	-678
Other financial income and charges		7	44
Earnings of consolidated companies		21 529	3 062
Share in the earnings of the companies treated on an equity basis		0	-21
Earnings before taxes of the consolidated companies		21 529	3 041
Income tax	6	-6 340	-819
Income tax on non recurring items		705	0
Net income of the consolidated companies		15 895	2 222
Including minority interests		-57	203
Including Group Share		15 951	2 019

	30 June 2014	30 June 2013
Weighted average number of ordinary shares	44 544 882	45 628 645
Earnings per share, Group share (in euro)	0,36	0,04
Weighted average number of ordinary shares (diluted)	45 368 502	46 452 265
Diluted earnings per share, Group share (in euro)	0,35	0,04

Statement of Comprehensive Income for the half years ending on 30 June 2014 and on 30 June 2013

<i>In thousands of euro</i>	30 June 2014	30 June 2013
Net result	15 951	2 019
Other element of the global result		
<u>Items that may be reclassified subsequently to profit or loss</u>		-
- Hedge accounting on financial instruments	93	-
- Translation adjustments	- 59	249
- Other	-	- 183
- Taxes on other elements of the global result	-	-
<u>Items that will not be reclassified to profit or loss</u>		
- Actuarial gain and losses related to post-employment benefits	-	-
Other elements of the global result, net of tax	33	66
Group share	33	66
Minority interests	-	-
Global result	15 985	2 085

Consolidated balance sheets as of 30 June 2014 and 31 December 2013

ASSETS - In thousands of euro	Notes	30 June 2014	31 Dec 2013
Net goodwill	7	86 447	121 997
Net intangible fixed assets	8	10 549	12 437
Net tangible fixed assets		790	1 449
Deferred tax credits	9	4 141	9 024
Other financial assets		926	3 417
Non-current assets		102 854	148 325
Customers and other debtors	10	49 517	52 928
Other current assets	11	27 320	23 470
Current financial assets		14	14
Cash and cash equivalents	12	77 721	10 207
Assets held for sale and discontinued operations		749	640
Current assets		155 321	87 258
TOTAL ASSETS		258 174	235 583

LIABILITIES - In thousands of euro	Notes	30 June 2014	31 Dec 2013
Share capital		4 511	4 511
Premiums on issue and on conveyance		128 215	128 215
Reserves and retained earnings		-13 183	-14 694
Treasury shares		-2 126	-2 254
Consolidated net income (Group share)		15 951	1 578
Shareholders' equity (Group share)		133 368	117 357
Minority interests		476	971
Shareholders' equity		133 844	118 328
Long-term borrowings and financial liabilities	13	8 620	12 933
Non-current provisions		1 092	907
Non-current liabilities		276	369
Deferred tax liabilities	9	34	438
Non-current liabilities		10 021	14 647
Short-term financial liabilities and bank overdrafts	13	8 686	8 659
Current provisions		0	5
Suppliers and other creditors		85 223	76 230
Other current debts and liabilities	14	20 400	17 715
Current liabilities		114 309	102 609
TOTAL LIABILITIES		258 174	235 583

Table of consolidated cash flows for financial year 2013 and for the half-years ending on 30 June 2014 and on 30 June 2013

In thousands of euro	Notes	30 June 2014	31 Dec 2013	30 June 2013
Net income		15 895	1 927	2 222
Depreciation of the fixed assets		3 184	3 708	1 959
Value losses	7	15 247	0	0
Other non-current without impact on the cash	5	10 478	0	0
Cost of net financial indebtedness		646	1 281	678
Share in associated companies		2 570	21	21
Net income on disposals of fixed assets	2	-56 761	839	2
Costs of payments based on shares		74	503	248
Tax charge or proceeds	6	5 635	1 004	819
Operating profit before variation of the operating capital need		-3 032	9 283	5 948
Variation of the operating capital need		647	694	931
Cash flow coming from operating activities		-2 384	9 977	6 879
Interest paid		-595	-1 311	-705
Tax on earnings paid		-524	-1 800	-1 163
NET CASH FLOW RESULTING FROM OPERATING ACTIVITIES		-3 504	6 866	5 012
Income from disposals of fixed assets		0	10	0
Valuation at fair value of the cash equivalents		0	0	0
Proceeds from disposals of financial assets		0	0	0
Disposal of subsidiary, after deduction of cash transferred	2	81 540	0	0
Acquisition of a subsidiary		-104	-294	-263
Acquisition of fixed assets		-2 953	-5 190	-2 454
Variation of financial assets		-69	-185	-231
Variation of suppliers of fixed assets		49	-209	-125
Effect of the perimeter variations		0	0	0
NET CASH FLOW COMING FROM INVESTMENT ACTIVITIES		78 463	-5 868	-3 072
Proceeds from share issues		1	22	10
Redemption of own shares		128	-87	-273
New borrowings		0	1 782	1 782
Repayments of borrowings	13	-4 386	-8 103	-3 669
Other financial liabilities variation		-2 968	1 579	-554
Dividends paid to minority interests		-225	-409	-194
NET CASH FLOW COMING FROM FINANCING ACTIVITIES		-7 450	-5 216	-2 898
Effect of exchange rate variations		5	-58	3
NET VARIATION OF CASH AND OF CASH EQUIVALENTS		67 514	-4 276	-955
Cash and cash equivalents on January 1st		10 207	14 483	14 483
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		77 721	10 207	13 527

Table showing the variation of consolidated shareholders' equity for the half years ending on 30 June 2014 and on 30 June 2013

<i>In thousands of euro</i>	Number of shares	Share capital	Premiums	Treasury shares	Reserve for options and free shares	Income and expenses on equity	Reserves and consolidated earnings	Shareholders' equity (Group share)	Shareholders' equity Minority interests	Shareholders' equity
January 1, 2013	45 628 645	4 563	127 765	- 2 422	314	3 289	- 18 279	115 228	1 237	116 466
Dividends paid by subsidiaries to the minorities	-	-	-	-	-	-	-	-	-	409
Call exercise	-	-	-	-	-	-	-	-	-	-
Shares redemptions (1)	-	-	-	273	-	-	-	273	-	273
Stock options and free shares impact(2)	-	-	-	-	248	-	-	248	-	248
Perimeter variation	-	-	-	-	-	42	-	42	31	73
Income and charges directly posted in shareholders' equity	-	-	-	-	-	66	-	66	-	66
Net income of the period	-	-	-	-	-	-	2 019	2 019	203	2 222
Total global income	-	-	-	-	-	66	2 019	2 085	203	2 288
June 30, 2013	45 628 645	4 563	127 765	- 2 695	562	3 313	- 16 260	117 247	1 000	118 247
Dividends paid by subsidiaries to the minorities	-	-	-	-	-	-	-	-	-	-
Call exercise	-	-	-	-	-	-	-	-	-	-
Shares redemptions (1)	- 516 000	- 52	-	238	-	-	-	186	-	186
Stock options and free shares impact(2)	-	-	116	-	139	-	-	255	-	255
Perimeter variation	-	-	-	-	-	145	-	145	176	321
Income and charges directly posted in shareholders' equity	-	-	-	-	-	255	-	255	-	255
Net income of the period	-	-	-	-	-	-	441	441	146	295
Total global income	-	-	-	-	-	255	- 441	186	146	40
December 31, 2013	45 112 645	4 511	127 881	- 2 457	701	3 423	- 16 701	117 356	970	118 328
Dividends paid by subsidiaries to the minorities	-	-	-	-	-	-	-	-	-	225
Call exercise	-	-	-	-	-	-	-	-	-	-
Shares redemptions (1)	-	-	-	128	-	-	-	128	-	128
Stock options and free shares impact(2)	-	-	-	-	74	-	-	74	-	74
Perimeter variation	-	-	-	-	-	175	-	175	213	388
Income and charges directly posted in shareholders' equity	-	-	-	-	-	33	-	33	-	33
Net income of the period	-	-	-	-	-	-	15 951	15 951	57	15 895
Total global income	-	-	-	-	-	33	15 951	15 985	57	15 928
June 30, 2014	45 112 645	4 511	127 881	- 2 329	775	3 281	- 750	133 368	475	133 844

(1) As of June 30, 2014, HiMedia S.A. holds 160,335 treasury shares. Moreover within the framework of the liquidity contract, HiMedia holds 119,298 of its own shares as of June 30, 2014.

(2) See Note 16 in connection with the share subscription option plans and the allocations of free shares.

Notes concerning the Group's summary consolidated interim financial statements

Note 1. Accounting principles and methods

i. Preparation bases for the summary financial statements

The interim financial statements for the 1st half of 2014 are to be read as a complement to the audited consolidated financial statements for the financial year ending on December 31, 2013 as appearing in the reference document filed with the Financial Markets Authority (AMF) on April 16, 2014.

The interim consolidated financial statements as of June 30, 2014 are established in accordance with the accounting and valuation principles of the IFRS international accounting standards adopted by the European Union. Those international accounting standards consist of the IFRS (International Financial Reporting Standards), of the IAS (International Accounting Standards), as well as of their interpretations adopted by the European Union on June 30, 2014 (publication in the Official Journal of the European Union).

The interim consolidated financial statements for the half-year ending on June 30, 2014 have been prepared in accordance with the provisions of standard IAS 34 concerning "Interim financial information".

HiMedia Group's consolidated financial statements include the financial statements of HiMedia S.A. and of its subsidiaries (the whole being designated as "the Group"), as well as the Group's holdings in its affiliated companies or companies under joint control. They are presented in thousands of euro.

The interim consolidated financial statements dated June 30, 2014 as well as the notes relating thereto have been established on the responsibility of the Board of Directors, and were closed out at its meeting held on July 29, 2014. They were the object of a limited examination by the auditors.

ii. Accounting principles and valuation methods

HiMedia Group has applied the same accounting methods as in its consolidated financial statements for the financial year ending on December 31, 2013 and detailed in the 1.2 Note, except for standards, amendments and interpretations applicable for the first time as from January 1st, 2014.

Standards, amendments and interpretations, whose application is mandatory as of January 1, 2014

- IFRS 10, Consolidated financial statements;
- IFRS 11, Joint Arrangements;
- IFRS 12, Disclosure of interests in other entities;
- Amendment to IFRS 10 – IFRS 12 and IAS 27, Investment Entities;
- Amendment to IAS 28, Investments in Associates and Joint Ventures ;
- Amendment to IAS 32, Offsetting financial assets and liabilities;
- Amendment to IAS 36, Recoverable amount disclosures for non-financial assets;
- Amendment to IAS 39, Novation of derivatives and continuation of hedge accounting.

The application of these standards, amendments and interpretations to be applied as from January 1, 2014 did not have a material impact on the Group's condensed interim consolidated financial statements as of and for the six-month period ended June 30, 2014.

Standards, amendments and interpretations, whose application is not mandatory as of January 1, 2014 but which may be adopted earlier

- IFRIC 21, Levies;
- Amendment to IAS 16 and IAS 38;
- Amendment to IFRS 11, Acquisition of an interest in a joint operation.

The Group did not exercise the option to adopt in advance these standards, amendments and interpretations in the condensed interim consolidated financial statements as of and for the six-month period ended June 30, 2014, and does not expect that they would have a material impact on its results and financial position.

iii. Use of estimates and judgments

Preparation of the financial statements in accordance with the IFRS standards requires Management to take account of estimates and of assumptions for determination of the amounts to be posted with regard to certain assets, liabilities, income and charges, as well as of certain information provided in notes attached to the assets and liabilities, in particular :

- The goodwill and the depreciation tests relating thereto,
- The share of profit associated,
- The intangible assets acquired,
- The deferred tax credits,
- The depreciation of receivables,
- The provisions for risk,
- The charge for stock options and free shares,
- The financial instruments.

The estimates and underlying assumptions are developed on the basis of past experience and other factors, such as events to come, considered reasonable in light of the circumstances. They are also used as the basis for exercise of the judgment necessary for determination of the book values of assets and liabilities, which cannot be obtained directly from other sources. In view of the inherently uncertain nature of these valuation procedures, the definitive amounts may prove to be different from the ones initially estimated.

The estimates and the underlying assumptions are continuously reconsidered. The impact of the changes in accounting estimates is directly entered in the accounting during the period of the change if it affects only said period, or during the period of change and in subsequent periods if they are also affected by the change.

Note 2. Consolidation base

Corporate name	Country	% held directly and indirectly on 30/06/2014	% held directly and indirectly on 31/12/2013	Consolidation method	Date of creation or of acquisition	Date of financial year closeout
<u>Created companies</u>						
Hi-media Belgium SPRL	Belgium	100%	100%	FC	09.03.00	31.12
Hi-media Portugal LTDA	Portugal	54%	54%	FC	31.10.00	31.12
Hi-Pi SARL	France	100%	100%	FC	13.05.02	31.12
Hi-media Advertising Web SL	Spain	100%	100%	FC	29.12.06	31.12
HPMP SPRL	Belgium	100%	100%	FC	17.09.07	31.12
HPME SA	Belgium	100%	100%	FC	08.05.08	31.12
Allopass Scandinavia AB	Sweden	100%	100%	FC	30.09.09	31.12
Allopass Mexico SRLCV	Mexico	100%	100%	FC	17.07.09	31.12
Hi-media Payment do Brasil LTDA	Brazil	99.99%	99.99%	FC	16.11.11	31.12
Hi-media Regions SAS	France	49%	49%	EM	06.12.12	31.12
Mobvious Italia SRL	Italy	75%	-	FC	17.05.13	31.12
Quantum SAS	France	49%	-	ME	23.04.14	31.12
Fotolog SAS	France	100%	-	FC	15.05.14	31.12
<u>Acquired companies</u>						
Hi-media Deutschland AG	Germany	100%	100%	FC	30.04.01	31.12
Europemission SL	Spain	50%	50%	EM	25.03.04	31.12
Hi-Midia Brasil SA	Brazil	14%	14%	EM	18.07.05	31.12
Hi-media China Limited	France	49%	49%	EM	01.05.06	31.12
Hipay SAS	China	100%	100%	FC	08.02.06	31.12
L'Odyssée Interactive SAS	France	0%	88%	-	31.05.06	31.12
Hi-media Sales AB	Sweden	100%	100%	FC	04.09.06	31.12
Groupe Hi-media USA Inc	USA	100%	100%	FC	27.11.07	31.12
Vivat SPRL	Belgium	100%	100%	FC	14.03.08	31.12
Bonne Nouvelle Editions SARL	France	100%	100%	FC	06.06.08	31.12
Hi-media Nederland BV	Holland	100%	100%	FC	31.08.09	31.12
Hi-media Italia SRL	Italy	100%	100%	FC	31.08.09	31.12
Hi-media Network Internet España SL	Spain	100%	100%	FC	31.08.09	31.12
Local Media SAS	France	50,1%	50%	FC	02.12.11	31.12
Pragma Consult SPRL	Belgium	100,0%	100,0%	FC	30.01.12	30.09
Semilo BV	Holland	36%	36%	EM	01.02.12	31.12
New Movil Media SL	Spain	55%	55%	FC	13.12.12	31.12
TheBluePill SAS	France	100%	100%	FC	13.02.13	31.03
Adexpert SPRL	Belgium	50,1%	-	FC	06.06.14	31.12

During the period, Hi-media Sales AB absorbed Hi-media Network AB on May 7, 2014.

On May 15, 2014, HiMedia created a 100% subsidiary named Fotolog SAS.

On June 6, 2014, Hi-Media Belgium Spri, subsidiary of the Group, has initiated the creation of the Adexpert Spri, company in which Hi-Media Belgium owns 50.1% of the shares.

On June 5, 2014, HiMedia sold 88% of its participation in L'Odyssée Interactive, publisher of the website jeuxvideo.com for €90 million.

	L'Odyssée Interactive
Net assets disposed	
Net goodwill	20 302
Net intangible fixed assets	1 273
Net tangible fixed assets	264
Other financial assets	14
Customers and other debtors	1 687
Other current assets	906
Cash and cash equivalents	32
Non-current provisions	- 17
Deferred tax	- 395
Suppliers and other creditors	- 1 050
Other current debts and liabilities	1 744
Total (asset) / Net liabilities disposed	24 761
Minority	397
Total (asset) / Net liabilities disposed Group part	24 364
Transfer price less costs directly attributable	74 084
Proceeds	49 720

Note 3. Sales

The breakdown of sales by activities is as follows:

<i>In thousands of euro</i>	30 June 2014	30 June 2013
Advertising	40 182	45 033
Payments	45 696	48 042
Sales ⁽¹⁾	85 878	93 075

⁽¹⁾ Included sales of L'Odyssée Interactive for €2,1m (versus €1.1m for the 2013 first semester). HiMedia kept the Adnetwork contract with Jeuxvideo.com. The contract margin is in line with market conditions.

Note 4. Payroll charges

The breakdown of the payroll charges between salaries, social security charges and provision for end-of-career indemnities look as follows:

<i>In thousands of euro</i>	30 June 2014	30 June 2013
Salaries	9 864	10 031
Social security charges	4 283	4 289
Provision for end-of-career indemnities	52	71
Payroll charges ⁽¹⁾	14 198	14 391

⁽¹⁾ Included payroll charges of L'Odyssée Interactive for €0.8 million (versus €0.8 million for the 2013 first semester).

Staff changes were as follows:

	31 Dec 2013	Incoming	Outgoing	30 June 2014
France	270	50	-78	242
Foreign	181	19	-20	179
Staff	451	69	-98	421

Decrease is mainly due to the sale of L'Odyssée Interactive Jeuxvideo.com on June 5, 2014.

Note 5. Other non-current income and expenses

The non-recurring expenses (€24m) mainly result from:

- The net income due to the sale of l'Odyssée Interactive (Jeuxvideo.com) for €49.7 million (see Note 2),
- The partial goodwill impairment of Spanish and German advertising entities for -€15.2 million (see Note 7),
- Reorganization and moving costs for -€5 million ,
- Expenses related to litigations, external frauds and technical failures with partner companies for -€5.5 million.

Note 6. Tax on earnings

The tax charge breaks down as follows:

<i>In thousands of euro</i>	30 June 2014	30 June 2013
Tax rate in France	21 529	3 041
Current taxes	- 760	-1 528
Deferred taxes	- 4 875	710
Deferred taxes on non current elements	-	0
Real tax (charge)/proceeds	- 5 635	- 819
Net income of the consolidated companies	15 894	2 222
Effective tax rate	26%	27%

The difference between the effective tax rate and the theoretical tax rate is to be analyzed as follows:

<i>In thousands of euro</i>	30 June 2014	30 June 2013
Tax rate in France	33,33%	33,33%
Theoretical tax (charge)/proceeds	- 7 176	- 1 021
<i>Elements concerning the comparison with the effective rate:</i>		
Effect of change in rates	-	25
Earnings charged to losses subject to carryover not previously recorded	-	119
Recognition of deferred tax credits on losses carried over	- 5 173	309
Difference of tax rate between the countries	- 840	81
Effect of non-asset deficit transfers from the fiscal year	- 616	64
Permanent differences and other elements	8 190	61
Taxes without basis	- 19	278
Real tax (charge)/proceeds	- 5 635	- 819
Effective tax rate	26%	27%

HiMedia France S.A., Hipay SAS, Hi-Pi SARL, Mobile Works SAS and Bonne Nouvelle Editions SARL have been consolidated for fiscal purposes.

Given the net income for the period and of taxable income growth opportunities of HiMedia S.A., the Company does not expect earnings charged to losses carried forward in a reasonable deadline; therefore the Group has decided to derecognize the entire deferred tax credits specific to HiMedia S.A. and resulted later than the creation of the tax consolidation. Furthermore, and in line with the analysis in Note 7 Goodwill, the Group has decided to derecognize all deferred tax credits of German and Spanish CGU.

Note 7. Goodwill

<i>In thousands of euro</i>	31 Dec 2013	Forex	Ch. In scope	Transfert	Increases	Decreases	30 June 2014
Goodwill	186 865	834	-20 302	-	-	-	167 397
Impairments	-64 869	-834	-	-	-15 247	-	-80 950
Net goodwill	121 996	-	-20 302	-	-15 247	-	86 446

The change in scope is related to the sale of L'Odyssée Interactive SAS.

A depreciation test is carried out if necessary, in accordance with the procedures defined in Note 9 of the appendix to the consolidated financial statements dated December 31, 2013, when an indication of value loss exists at the time of the semi-annual closeout.

The economic environment in the first half of 2014 did not differ significantly from that anticipated in the value tests carried out at the end of 2013, with the exception of the following cash generating units (CGU):

UGT	Segment	Indications of value loss identified
Hi-media Spain	Advertising	<ul style="list-style-type: none"> Financial performance compared with budget forecast Lost contracts
Hi-media Germany	Advertising	<ul style="list-style-type: none"> Financial performance compared with budget forecast Lost contracts

Indicators of an impairment loss conducted the company to perform an impairment test at June 30, 2014 on those CGU under the same terms and conditions as past year. This procedure, mainly based on discounted future cash flows method, consists in evaluating the recoverable amount for each entity generating its own cash flows.

The main assumptions in order to determine the value of the cash generating units are as follows at June 30, 2014:

- method for valuation of the cash generating unit: value in use,
- number of years for which the cash flows are estimated and projected to infinity: 4 years (2014-2017 normative),
- long-term growth rate: 2.5%,
- discount rate for Europe: 5.7% to 8.6%, among countries (same as December 31, 2013)
- growth rate of sales: between +3% and +14% per year during the period 2014-2017, among countries and activities and new products launch (vs. 6% à 20% as December 31, 2013).

Those test conducted the company to recognize impairment on the CGU (Cash Generating Unit) of Spain and Germany for respectively €6.4m and €8.9m at June 30, 2014.

Note 8. Intangible fixed assets

Development costs capitalized in the period are mainly related to:

- the development of new backoffices designs for the Hipay brand,
- the development of a Business Intelligence platform for merchants using Hipay platforms,
- the integration of new payment solutions on our payment platforms,
- the continuation of developments for the lunch of the TPP platform,
- the development of a Business Intelligence platform to HiMedia's publishers,
- the continuation of the development for the BigData infrastructure and the Data Management Platform project,
- the finalization or overhaul of intern tools (billing tools, business management tool...).

<i>In thousands of euro</i>	30 June 2014	31 Dec 2013
Software and licences	5 358	6 571
Trademarks	466	1 350
Customer relations	137	137
Fixed assets in progress	4 589	4 347
Other	0	32
Total	10 549	12 437

Note 9. Differed taxes

i. Recognized differed tax credit and liabilities

The details concerning the deferred taxes posted to earnings are presented Note 6 above.

The sources of the net deferred tax credit and liabilities recognized as of June 30, 2014 are as follows:

NET DEFERRED TAX CREDITS

<i>In thousands of euro</i>	30 June 2014	31 Dec 2013
Tax loss carryovers	3 748	9 559
Intangible fixed assets	-128	-128
Other timing differences	520	-407
Deferred tax credits	4 141	9 024

The deferred tax assets mainly consist of loss carryforwards of tax group whose head is HiMedia France. The recovery skyline of the loss carryforwards is 5 years.

ii. Unrecognized deferred tax credits

As of June 30, 2014, the unrecognized deferred tax credits consisted mainly of the undefined losses carried over 20 years through Fotolog for €20.8m as well as undefined losses carried of HiMedia France S.A. for €12 million, which can be undefined carried forward for France and the tax consolidation group.

Note 10. Trade and other receivable

<i>In thousands of euro</i>	30 June 2014	31 Dec 2013
Customers	54 290	56 427
Depreciation	-4 773	-3 499
Customers and other debtors	49 517	52 928

The contractual conditions of the factoring contracts (concluded in 2008) of Hipay SAS and Hi-pi SARL and HiMedia S.A. (concluded in 2013) make it possible to transfer the main risks and advantages connected with the transferred receivables, and hence to take them off the balance sheet.

The accounts receivable which are derecognized in this way in accordance with IAS 39 under the terms of factoring contracts come to €21.5m as of June 30, 2014.

The cash available under these contracts comes to €3.5m as of June 30, 2014 (see Note 12).

Note 11. Other current assets

All of the other current assets are at less than one year.

The prepaid charges correspond mainly to overheads relative to the period after the June 30, 2014.

<i>in thousands of euros</i>	30 June 2014	31 Dec 2013
Financial and corporate assets	12 858	9 747
Current accounts	624	605
Prepaid charges	1 071	432
Factor guarantee fund	1 181	1 463
Hi-pay available cash balance	6 782	6 095
Others	4 803	5 128
Other current assets	27 320	23 470

Note 12. Cash and cash equivalents

<i>In thousands of euro</i>	30 June 2014	31 Dec 2013
Open End Investment Fund	25 001	2 012
Cash reserve with the factor	3 477	0
Liquid assets	49 243	8 194
Cash and cash equivalents	77 721	10 207

Available Cash with the factor was transferred in Liquid assets at December 31, 2013 (€3.5m on June 30, 2014 versus 0 on December 31, 2013). Financial investments mentioned on the line "Open End Investment Fund" representing cash available without delay.

Note 13. Borrowings and financial liabilities

HiMedia signed a syndicated loan of €40 million in June 16, 2011.

This credit line for a five year period breaks down into one line of €31.6 million (Trench A), and one line of €8.4 million (Trench B). Trench A was entirely called on June 16, 2011 and trench B should help the Group to finance investments and acquisitions, and was entirely called on June 30, 2014.

<i>In thousands of euro</i>	Balance sheet balance on 30 June 2014		<i>Issue currency</i>	<i>Expiration</i>	<i>Effective rate</i>
	Non-current	Current			
Syndicated loan	8 620	8 605	EUR	2016	Eur3M + 1,5% à +2%
Accrued interest on debts		82	EUR	Sept. 2014	variable
Bank overdrafts		0	EUR		variable
Total	8 620	8 686			

The amount shown in “Repayments of borrowings” line in the cash flow statement as of June 30, 2014 is mainly related to the resolution of the H1 2014 term related to the syndicated loan signed in 2011, amounting to €4.4 million.

Pursuant to the syndicated loan contract signed in June 2011, it has been concluded two interest rate swap: fixed payer / variable recipient 3-month Euribor (due in June 2016) for a notional amount of €16m; and €15.6m (respectively €6.4m and €6.2m as of June 30, 2014).

Note 14. Other current debts and liabilities

All other debts and liabilities are due at less than one year.

<i>In thousands of euro</i>	30 June 2014	31 Dec 2013
Taxation and social liabilities	16 812	15 536
Debts on fixed assets	146	97
Prepaid income	238	247
Other liabilities	3 203	1 836
Other current liabilities	20 400	17 715

Note 15. Segment information

Allocation for incomes and expenses per segment has been refined in 2014 in order to distinguish operations connected to each sectors. Information related to H1 2013 has been amended accordingly to have better view of each sectors.

	Advertising		Payments		Publishing		Eliminations		Total	
	S1 2014	S1 2013	S1 2014	S1 2013	S1 2014	S1 2013	S1 2014	S1 2013	S1 2014	S1 2013
Sales	37 826	43 705	45 673	47 933	4 044	4 699	-1 666	-3 261	85 878	93 075
Gross profit	13 715	17 490	11 815	12 590	3 553	3 988	0	0	29 083	34 067
EBITDA	-1 242	2 484	3 271	4 564	482	1 453	-2 069	-2 007	442	6 494
Current EBIT	-1 719	1 969	1 772	3 327	395	1 193	-2 164	-2 122	-1 716	4 368
EBIT									22 168	3 695
Financial net income									-639	-634
Share of earnings, equity basis									0	-21
Taxes									-5 635	-819
Net income									15 895	2 222

Note 16. Stock option plan and allocations of free shares**a. Stock options**

	Plan n°9	Plan n°10	Plan n°11	Plan n°12	Total
Meeting date	25 Apr. 03	24 Apr. 08	03 May 11	03 May 11	
Date of Board of Directors meeting	12 Jan. 05	19 Dec. 08	31 Jan. 12	27 Aug. 2012	
Total number of shares allocated ⁽¹⁾	150 000	50 000	385 000	105 000	690 000
Total number of shares available for subscription	47 500	50 000	265 990	78 881	442 371
Including number of shares that could be acquired by authorized agents	-	-	-	59 600	59 600
Including number of shares that could be acquired by the ten leading employee	42 500	-	201 301	-	201 301
Beginning of exercise of the options	12 Janv. 07	19 Dec. 08	31 Janv. 12	27 Aug. 2012	
Date of expiration	12 Janv. 15	14 May 18	31 Janv. 22	27 Aug. 2012	
Subscription price (in euro) ⁽²⁾	1,14	1,81	2,13	1,93	
Exercise procedures ⁽³⁾	A	C	A	A	
Number of shares subscribed on June 30, 2014	65 500	-	-	-	65 500
Options cancelled during the period	-	-	37 002	1 969	38 971
Remaining options non subscribed	47 500	50 000	265 990	78 881	442 371

⁽¹⁾ Options allocated to the employees currently present in the company, the employees having left the company being unable to retain the benefit of such options.

⁽²⁾ Subscription price of the options calculated on the day of award of the options and corresponding to the weighted average of the market prices during the last 20 trading sessions (for certain plans, a 5% reduction has been made).

⁽³⁾ Procedure A: 100% of the options may be exercised at the end of a 2-year period following the meeting of the Board of Directors having allocated the said options.

Procedure B: 1/3 of the options may be exercised at the end of a 2-year period following the meeting of the Board of Directors having awarded the said options, then 1/3 the following year, and the remaining 1/3 four years after allocation.

Procedure C: 1/6 at the end of each quarter-year following the beginning time for exercise of the options.

The number of options and the weighted average of the exercise prices are as follows:

	1st half of 2014		2013	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Options in circulation at the opening	428 934	1,95	637 500	1,86
Options allocated during the period	-	-	-	-
Options exercised during the period	-	-	50 000	0,33
Options cancelled during the period	38 971	2,12	94 283	2,10
Options in circulation at the close	442 371	1,95	428 934	1,95
Options that could be exercise at the close	97 500	1,48	428 934	1,95

The parameters adopted for valuing the share option plans granted after 2002 7, November are as follows:

Date of the Board of Directors' meeting	12 Jan. 2005	19 Dec. 2008	31 Jan. 2012	27 Aug. 2012
Number of options allocated	150 000	50 000	385 000	105 000
Fair value of an option on the date of allocation	1.45	0.06	0.42	0.45
Fair value of the plan on the date of allocation	217 270	3 000	228 611	47 250
Exercise price of the option	1.14	1.81	2.13	1.93
Anticipated volatility of the option price	184%	51%	55%	51%
Anticipated lifetime	4 years	2 years	2 years	2 years
Dividend expected on the options	-	-	-	-
Option lapse rate adopted	-	-	-	-
Risk-free interest rate adopted	2.94%	3.51%	0.96%	0.10%

b. Allocation of free shares

Pursuant to IFRS 2, the plans for allocation of free shares are valued on the basis of the HiMedia share price on the day of the meeting of the Board of Directors deciding on allocation of the said free shares.

	Plan n°22	Plan n°23	Plan n°24	Plan n°25	Plan n°26	Plan n°27	Total
Meeting date	24 Apr.08	24 Apr.08	24 Apr.08	03 May-11	03 May-11	03 May-11	
Date of the Board of Directors' meeting	19 July 10	02 Dec 10	26 Jan. 11	31 Jan. 12	27 Aug 12	11 Oct 2013	
Total number of shares allocated	15 000	55 000	80 000	351 500	140 000	10 000	997 500
Including the number of shares that can be subscribed to by the authorized agents	0	0	0	0	80 000	0	80 000
Including the number of shares that can be subscribed to by the leading ten employee allocated	0	0	0	213 000	0	0	213 000
Number of cancelled shares	3 750	23 160	49 999	64 234	29 150	0	418 693
Number of shares definitively allocated as at June 30, 2014	11 250	31 840	0	0	0	0	140 690
Number of shares that can be definitively allocated	0	0	30 001	287 266	110 850	10 000	438 117
End of acquisition period	19 July 13	02 Dec. 13	26 Jan.14	31 Jan. 14	27 Aug. 14	11 Oct. 15	
End of retention period	19 July 14	02 Dec. 14	26 Jan. 15	31 Jan. 16	27 Aug. 16	11 Oct. 17	
Share price on the date of the executive board meeting	4.4	3.28	3.97	2.24	2.16	1.8	
Non-transferability discount	yes	yes	yes	yes	yes	yes	
Fair value of the free share	3.54	2.39	2.98	1.71 1.31	1.64	1.13	

Note 17. Off balance sheet commitments**a. Commitments received**

In context of the acquisition of the AdLink Internet Media AG Group, HiMedia benefits from a tax liability guarantee provision up to the end of the prescription.

b. Commitments given

The lease signed May 2, 2014 concerning the premises of the French activities of the Group represents a commitment of €1.4m per year (not index linked) until July 10, 2020.

Under the agreement signed on May 25, 2011, a shareholder of Hi-midia Brasil has an option to buy Hi-midia Brasil shares held HiMedia S.A.

c. Covenants

The subscription of the syndicated loan, referred into Note 13 Borrowings and financial liabilities induces the obligation for HiMedia to respect the covenants based on the following financial ratios, calculated according to the definitions of the banking contract:

- Ratio of financial debt R1 (Consolidated Net Debt/Consolidated EBITDA) less than or equal to 2.5
- Gearing Ratio R2 (Consolidated Net Debt/Consolidated Equity) less than or equal to 0.65

On June 30, 2014, HiMedia meets these both ratios.

d. Pledges

Within the framework of the syndicated credit line subscribed by HiMedia (see Note 13 Borrowings and financial liabilities), HiMedia pledged, to the benefit of the participating credit institutions, the securities of its subsidiaries Hipays SAS and Hi-Pi SARL as well as the HiMedia S.A. business.

e. Litigations

Some labor relations litigations have arisen with former employees disputing the legitimacy of their dismissals. The company has set aside provisions it considers necessary in the light of its judgment of the justification for the plaintiffs' demands.

Statement by the person responsible for the interim financial report

I hereby attest that to my best knowledge, the summary financial statements presented in the 2014 semiannual financial report are established in accordance with the applicable accounting standards and give a fair representation of the property, financial situation and earnings of the company and of the set of companies included in the consolidation, and that the semiannual financial report offers a fair representation of the important events occurring during the first six months of the financial year and of their effect on the semiannual financial statements, of the main risks and uncertainties for the remaining six months of the financial year, and of the main transactions between affiliated parties.

Cyril Zimmermann

Chairman of the Board of Directors and Managing Director of HiMedia S.A.